

6-2007

# Maximizing Carcass Utilization in Niche Pork Companies

Duane Short  
*The Short Group*

Follow this and additional works at: [http://lib.dr.iastate.edu/leopold\\_pubspapers](http://lib.dr.iastate.edu/leopold_pubspapers)



Part of the [Agriculture Commons](#), and the [Meat Science Commons](#)

---

## Recommended Citation

Short, Duane, "Maximizing Carcass Utilization in Niche Pork Companies" (2007). *Leopold Center Pubs and Papers*. 174.  
[http://lib.dr.iastate.edu/leopold\\_pubspapers/174](http://lib.dr.iastate.edu/leopold_pubspapers/174)

This Report is brought to you for free and open access by the Leopold Center for Sustainable Agriculture at Iowa State University Digital Repository. It has been accepted for inclusion in Leopold Center Pubs and Papers by an authorized administrator of Iowa State University Digital Repository. For more information, please contact [digirep@iastate.edu](mailto:digirep@iastate.edu).

---

# Maximizing Carcass Utilization in Niche Pork Companies

## **Abstract**

This report, developed for the Pork Niche Market Working Group, summarizes the results of a study of eight pork niche companies to determine opportunities for maximizing carcass utilization.

## **Keywords**

Niche meat dairy and poultry, Pork Niche Market Working Group

## **Disciplines**

Agriculture | Animal Sciences | Meat Science

***MAXIMIZING CARCASS UTILIZATION IN NICHE PORK  
COMPANIES***

***SUMMARY OF RESULTS***

submitted to the Pork Niche Market Working Group by:

The Short Group  
Duane Short  
904 Arkansas Avenue  
Ames, IA 50014  
515-520-9107  
duane.short@gmail.com

June 28, 2007

Supported by the Value Chain Partnerships for a Sustainable Agriculture  
Project and the Pork Niche Market Working Group

## **Background:**

Maximizing carcass utilization is critical towards the success of any meat company. It is essential that all parts of a hog carcass be sold so that margins are similar across all parts instead of needing large margins on the desired cuts to offset negative margins on the less desirable cuts or byproducts. Commodity pork companies like to say, “We sell everything from a hog except the squeal!”

This goal has been very difficult for niche pork companies to achieve. Some issues have been:

- Lack of critical mass to supply customers’ needs
- Lack of customer diversity to utilize the entire carcass
- Lack of resources – facilities, financial, and personnel expertise to develop products that utilize off cuts or byproducts
- Lack of knowledge of the market and processes

This has led to many niche pork companies “dumping” meat and byproducts at commodity prices (USDA Blue Sheet) or below just to rid themselves of the situation. As noted above, this has resulted in larger margins on some meats, driving up wholesale and retail prices which in turn limits sales because the resulting retail price points become too high for many consumers.

The long-term success of niche pork companies depends on solving the carcass utilization puzzle.

## **Project Activities:**

- Eight niche pork companies were contacted to determine the extent of excess product availability. Two different scenarios were examined:
  1. Current Production Levels – What excess product is available at current production levels.
  2. Expanded Production Levels – If companies expanded production to meet known sales opportunities for certain cuts, how much more excess product would be available? This scenario would allow the companies to expand production, revenues, and profit by balancing the entire carcass on the expanded production.

A summary of the excess meat available from each scenario and the aggregated amounts is attached.

- The principle investigator attended the All Things Organic trade show in Chicago, Illinois on May 7 & 8, 2007 and met with pork further processors in attendance. A strong desire to procure significant amounts of natural and organic pork was conveyed by the processors.

- The principle investigator contacted other pork further processors around the United States. They also expressed a strong desire to procure significant amounts of natural and organic pork.
- The principle investigator presented and discussed the results at the Pork Niche Market Working Group on June 19, 2007. The PowerPoint presentation from that meeting is attached.

### **Summary of Findings:**

1. There is ample supply of natural and organic pork available by aggregating the excess production from niche pork companies to meet the needs of pork further processors.
2. Some niche pork companies have a need for certain cuts. The practicality of trading products between niche pork companies is limited by the varying production protocols and label claims.
3. Pork further processors differentiate by labeling products Antibiotic Free (ABF) or Organic. There is little breed and animal welfare distinction occurring in further processed products.
4. Commodity pork companies are developing significant supply streams of ABF pork.
5. Further processors require a consistent product supply to maximize their production.
6. Whole Foods certification is needed as many pork further processors sell product to them.
7. Freight costs will be a large factor in determining the cost of niche pork.

### **Next Steps:**

The project has identified a potential business opportunity. The principle investigator is taking the steps to form a business-to-business entity that will form the necessary business structures, establish relationships with suppliers, establish relationships with customers, establish relationships with freight providers, and develop the agreements necessary to facilitate commerce. Interested companies should contact the principle investigator.

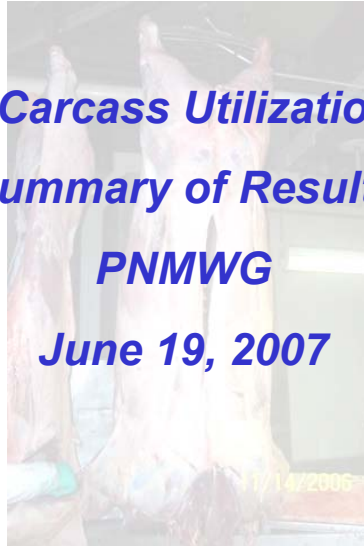
### **Disclaimer:**

The Pork Niche Market Working Group (PNMWG) provided support to investigate the options to increase carcass utilization among niche pork companies. This support does not imply an endorsement of any business activities that may result from the project.

***PNMWG Carcass Utilization Project  
Summary of Results***

***PNMWG***

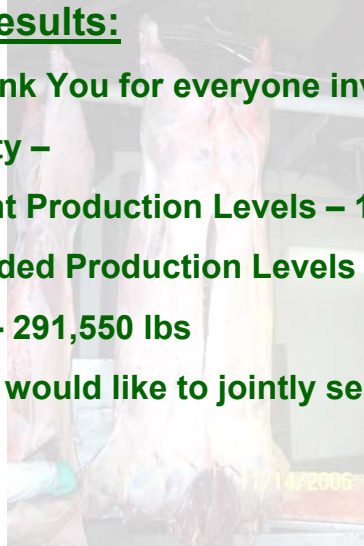
***June 19, 2007***



## ***PNMWG Carcass Utilization Project***

### **Survey Results:**

- **A big Thank You for everyone involved!**
- **Availability –**
  - **Current Production Levels – 167,700 lbs**
  - **Expanded Production Levels – 123,850 lbs**
  - **Total – 291,550 lbs**
- **Everyone would like to jointly sell meat**



Everyone was very cooperative. Processors were also cooperative, even noting competitors that may be interested. Validated the need for the project.

## ***PNMWG Carcass Utilization Project***

### **Demand Review:**

- **Attended the All Things Organic Show, met with ham and sausage processors**
- **Spoken with other bacon, ham, salame, sausage, and other processors**
- **Significant interest in acquiring Antibiotic Free (ABF) and Organic pork**
- **No interest at this time for welfare standards**
- **Small opportunity to trade products between PNMWG companies due to production protocols and label claims**



Spoke with processors all over the country, not just the Midwest.

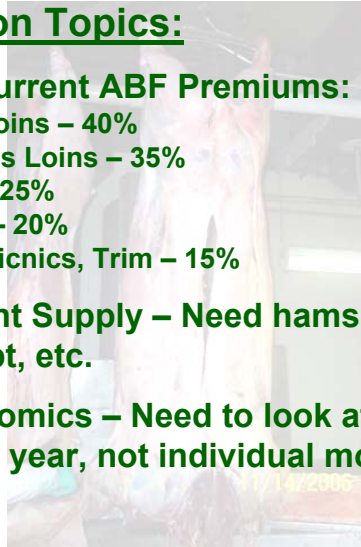
Commodity companies have or are developing significant supplies of ABF pork. We need to act quickly to develop relationships with processors before excess ABF pork from the commodity companies hits the market.



## ***PNMWG Carcass Utilization Project***

### **Discussion Topics:**

- **Price – Current ABF Premiums:**
  - Tenderloins – 40%
  - Boneless Loins – 35%
  - Hams – 25%
  - Bellies – 20%
  - Butts, Picnics, Trim – 15%
- **Consistent Supply – Need hams all year, not just Jan – Sept, etc.**
- **Cut Economics – Need to look at the program over the entire year, not individual months**



Current ABF premiums are wholesale.

Consistent Supply means that a minimum amount needs to be committed, not necessarily all the product. I.e. if you produce 40,000 lbs a week of hams, while you may be able to sell all that during the holiday season, what minimum amount, say 20,000 lbs, will you commit to all year? Realize that the profit from those 20,000 lbs year round will exceed the profit for the holiday season.

Cut Economics and Consistent Supply are linked. The processors have a need for consistent supply to meet their needs. Without a consistent, committed supply, this program will not work. The consistent supply does not necessarily need to be weekly. It can be bi-weekly, etc.

## ***PNMWG Carcass Utilization Project***

### **Discussion Topics:**

- **Whole Hog Economics – Need to look at the program over all cuts, not individually**
- **Freight – Consolidating product in one location, possibly over two weeks to get larger loads to reduce expense per pound**
- **Whole Foods certification**
- **How to operationalize – I have some thoughts to share with the companies after this meeting**
- **Questions?**



Some cuts may do better, some maybe not. Look at returns over the entire carcass over the entire year.

Initial estimates indicate freight may add up to \$0.10 per pound.

Many processors sell to Whole Foods.

## PNMWG Carcass Utilization Project

Summary			
Excess Production, Current Production Levels			
Item	Pounds	Item	Pounds
<b>Loin:</b>		<b>Picnic:</b>	
Whole bone-in loin	-	Whole picnic	24,000
Whole boneless loin	9,000	Smoker trim	-
Centercut loin	-	Picnic cushion meat	600
Sirloin	300	Boneless picnic meat	3,000
Tenderloin	-	Other	-
Backribs	500	Other	-
Other	-	Other	-
Other	-	<b>Boston Butt:</b>	
Other	-	Whole Boston Butt	3,500
<b>Belly:</b>		Boneless butt	-
Whole belly	5,100	Other	-
Trimmed belly for bacon	12,500	Other	-
Spareribs	4,400	Other	-
Other	-	<b>Trim:</b>	
Other	-	42%	21,600
Other	-	72%	42,200
Other	-	Other	-
<b>Ham:</b>		Other	-
Whole bone-in ham	41,000	<b>The Rest:</b>	
Whole boneless ham	-	Skins	-
Inside Ham	-	Pet food material	-
Outside Ham	-	Pet treat material (ears)	-
Knuckle	-	Feet	-
Trim	-	Other	-
Other	-	Other	-
Other	-	Other	-
Other	-	Other	-
Other	-	Other	-
	72,800		94,900
			167,700



Summaries of the excess meat available from each scenario and the aggregated amounts are at the end of the attached presentation

## PNMWG Carcass Utilization Project

Summary			
Excess Production, Expanded Production Levels			
Item	Pounds	Item	Pounds
<b>Loin:</b>		<b>Picnic:</b>	
Whole bone-in loin	-	Whole picnic	18,000
Whole boneless loin	9,000	Smoker trim	-
Centercut loin	-	Picnic cushion meat	1,200
Sirloin	700	Boneless picnic meat	6,000
Tenderloin	-	Other	-
Backribs	-	Other	-
Other	-	Other	-
Other	-	<b>Boston Butt:</b>	
Other	-	Whole Boston Butt	1,000
<b>Belly:</b>		Boneless butt	-
Whole belly	17,500	Other	-
Trimmed belly for bacon	-	Other	-
Spareribs	-	Other	-
Other	-	<b>Trim:</b>	
Other	-	42%	18,000
Other	-	72%	27,450
Other	-	Other	-
<b>Ham:</b>		Other	-
Whole bone-in ham	25,000	<b>The Rest:</b>	
Whole boneless ham	-	Skins	-
Inside Ham	-	Pet food material	-
Outside Ham	-	Pet treat material (ears)	-
Knuckle	-	Feet	-
Trim	-	Other	-
Other	-	Other	-
Other	-	Other	-
Other	-	Other	-
	52,200		71,650
			123,850



Summaries of the excess meat available from each scenario and the aggregated amounts are at the end of the attached presentation

## PNMWG Carcass Utilization Project

Summary			
Excess Production, Both Production Levels			
Item	Pounds	Item	Pounds
<b>Loin:</b>		<b>Picnic:</b>	
Whole bone-in loin	-	Whole picnic	42,000
Whole boneless loin	18,000	Smoker trim	-
Centercut loin	-	Picnic cushion meat	1,800
Sirloin	1,000	Boneless picnic meat	9,000
Tenderloin	-	Other	-
Backribs	500	Other	-
Other	-	Other	-
Other	-	<b>Boston Butt:</b>	
Other	-	Whole Boston Butt	4,500
<b>Belly:</b>		Boneless butt	-
Whole belly	22,600	Other	-
Trimmed belly for bacon	12,500	Other	-
Spareribs	4,400	Other	-
Other	-	<b>Trim:</b>	
Other	-	42%	39,600
Other	-	72%	69,650
Other	-	Other	-
<b>Ham:</b>		Other	-
Whole bone-in ham	66,000	<b>The Rest:</b>	
Whole boneless ham	-	Skins	-
Inside Ham	-	Pet food material	-
Outside Ham	-	Pet treat material (ears)	-
Knuckle	-	Feet	-
Trim	-	Other	-
Other	-	Other	-
Other	-	Other	-
Other	-		
	125,000		166,550
			291,550



Total available product by cut.